Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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JUL - 7 1992

Federal Communications Commission
Office of the Secretary

In the Matter of	)	
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Billed Party Preference for InterLATA Calls	)	CC Docket No. 92-77
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ORIGINAL FILE

COMMENTS OF
<u>THE GREATER ORLANDO AVIATION AUTHORITY</u>

Jean L. Kiddoo
Ann P. Morton

SWIDLER & BERLIN, CHTD.
3000 K Street, N.W.
Suite 300
Washington, D.C. 20007
(202) 944-4834

Counsel for the
Greater Orlando Aviation Authority

Hugh J. Macbeth
Manager,
Telecommunications
Greater Orlando Aviation Authority
One Airport Blvd.
Orlando, FL 32827-4399
(407) 825-3500

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SUMMARY

The Greater Orlando Aviation Authority ("GOAA") oversees the operation of two airports in Orlando, Florida, including the telecommunications facilities used on the airport premises. Among its key telecommunications responsibilities, GOAA manages the operation of over 700 pay telephones used by the millions of travellers passing through the Orlando airport terminals.

GOAA respectfully submits that the Commission's proposal to change today's competitive, 0+ presubscription environment by implementing a system of billed party preference ("BPP") would not advance the public interest. The minimal benefits of BPP -- slightly simplified dialing procedures at aggregator locations -- do not justify the obvious and enormous burdens BPP implementation would pose. GOAA believes that the following concerns raised by BPP weigh heavily against its adoption by the Commission:

- <u>Technical Implementation Drawbacks</u>. As even its strongest supporters concede, BPP implementation would be technically complex. Access times would increase for many 0+ calls. Moreover, third number and collect calls, and international calls would require the use of two operators, further delaying service responsiveness for consumers. It is also unclear whether all LECs have the ability to deploy technical solutions to resolve these inherent problems. Thus, BPP threatens to impede the ability of airport operators (and other aggregators) to maintain service quality at pay telephones. By contrast, existing operator services regulations provide uniformity and certainty to consumers with respect to dialing instructions and notice of IXCs presubscribed to pay telephones for 0+ traffic.

- High Implementation Costs. All LEC estimates available to date demonstrate that BPP would be extremely expensive to implement -- in the hundreds of millions of dollars, just for the largest LECs to undertake. These estimates, moreover, do not even attempt to estimate the huge ongoing cost of providing BPP on every call. Ultimately, end users, including the travelling public, will foot the bill for BPP, but derive little significant advantage from it. At best, BPP would offer consumers the minimal advantage of not having to dial an access code to reach a preferred IXC at a pay telephone presubscribed to a different carrier. The costs of BPP investment and ongoing implementation are huge relative to this slight dialing method simplification.

- Anticompetitive Impact. BPP would have a chilling effect on competition in the operator services, pay telephone service and equipment provider markets. The established economic relationships fostered by competition in these markets, which have served to maximize the number of pay telephones available for the convenience of the calling public at airports and other locations, would be severely disrupted. The loss of these relationships will result in greatly reduced consumer convenience and service innovation to the substantial detriment of telephone users.

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THE GREATER ORLANDO AVIATION AUTHORITY

The Greater Orlando Aviation Authority ("GOAA"), by its undersigned counsel, hereby submits its comments in response to the Commission's Notice of Proposed Rulemaking ("NPRM") in CC Docket No. 92-77 inviting comments on the merits of a system of billed party preference ("BPP") for all interLATA 0+ calls.

As detailed below, GOAA respectfully submits that the Commission should not adopt BPP. Implementation of BPP would be complex and expensive, and severely disrupt the telecommunications service arrangements of numerous call aggregators, including GOAA. BPP would produce no countervailing consumer benefits that outweigh these substantial detriments.

I. INTRODUCTION AND STATEMENT OF INTEREST

GOAA is an agency of the City of Orlando, Florida, charged with the responsibility of operating the Orlando International Airport and the Orlando Executive Airport. Among its key responsibilities, GOAA oversees the operation and maintenance of an advanced, customized airport telecommunications system designed to ensure safe, efficient operations throughout the premises for airport tenants and the travelling public. In particular, GOAA manages the operation of 650 Southern Bell pay telephones currently served by AT&T for 0+ interLATA long distance services pursuant to GOAA's presubscription choice and an additional 60 AT&T coinless pay telephones. These pay telephones serve the needs of millions of air travellers passing through the Orlando airport terminals. These passengers demand and require access to reliable, high quality telephone services. GOAA continuously assesses the level of service quality and deployment of pay telephone services provided at the Orlando airports to ensure that the needs of the travelling public are being met.

In its role as an "aggregator" of pay telephone service, GOAA has seen first-hand the benefits of competition in the pay telephone and operator services markets. GOAA relies upon the competitive forces in these markets to improve the pay telephone services offered in the Orlando airports. In GOAA's experience, the competition fostered by today's presubscription environment has produced incentives for all service providers -- including the former monopoly providers such as Southern Bell and AT&T -- to upgrade their services and respond to consumer needs.

In the <u>NPRM</u>, the Commission has tentatively concluded that replacing current presubscription arrangements for all 0+ interLATA calls, including those from pay telephones, with a system of BPP appears, "in concept," to serve the public interest.[1] Under BPP, 0+ interLATA calls dialed from equal access areas would be routed to the interexchange carrier ("IXC") predesignated by the party paying for the call, rather than IXC selected by the owner of the telephone or by the owner of the premises on which the telephone is located. Accordingly, under BPP, GOAA would no longer choose the IXC to be presubscribed to the pay telephones deployed at the Orlando airports for 0+ interLATA calls. Instead, the billed party for each category of 0+ call would choose the IXC to carry the call.[2]

As the Commission is aware, implementing BPP would require a substantial change in current routing arrangements. Calls dialed on a 0+ basis, formerly sent directly to the network of the IXC presubscribed to the originating line, would first have to be sent to the local exchange carrier ("LEC") operator services switch ("OSS") for identification of the appropriate IXC, and then to that IXC's network for completion of the call. Even according to the estimates of BPP's strongest advocates, this fundamental routing change would be extremely expensive to implement.[3]

GOAA believes that LEC BPP proposals would not advance the public interest for a number of critical reasons. BPP raises

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1/ <u>NPRM</u> at ¶ 1.

2/ <u>See</u> <u>id</u>. at ¶ 9.

3/ <u>See</u> <u>id</u>. at ¶ 25.

troublesome cost issues which threaten to increase substantially rates for 0+ interLATA calls, thereby affecting every telephone user passing through the GOAA airport facilities. All LECs would have to deploy reconfigured technical facilities required for BPP -- an expensive, uncertain and extremely complex task. If the reconfigured facilities cannot be implemented ubiquitously by all LECs in a timely manner, BPP will degrade pay telephone service quality at aggregator locations and fail to provide the consistent call routing envisioned by the Commission, representing a step backward from today's environment.[4] And, BPP will destroy competitive incentives in the operator services and pay telephone equipment markets, particularly for the development of "smart" equipment which could be deployed at airports to improve consumer services.

Other concerns also weigh against adoption of BPP. For example, aggregators such as GOAA would lose the right to choose the IXC to serve pay telephones customers on their airport premises -- thus relinquishing any control over the level of interstate pay telephone services provided at their facilities. Aggregators would also forfeit compensation for making pay telephones conveniently and widely available on their premises

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[4] Without ubiquitous application of BPP, BPP would actually create a false reliance on the part of consumers, who would no longer bother to read written notices or listen to oral branding at locations where BPP is not available. Today, on the other hand, Commission-ordered notice and choice is available at all telephone locations, and consumers are becoming educated to the fact of competition and presubscription and how to make their choice of carrier.

and for their oversight and management of those essential telephone facilities. Such compensation has made broader deployment of pay telephones economically feasible not only at the Orlando airports, but at other aggregator locations across the country.

For all of these reasons, BPP is contrary to the public interest and should not be adopted.

II. BPP'S INHERENT TECHNICAL PROBLEMS AND HIGH IMPLEMENTATION COSTS WOULD SEVERELY IMPEDE THE ABILITY OF CALL AGGREGATORS TO MAINTAIN 0+ INTERLATA SERVICE QUALITY AND WOULD INCITE CONSUMER COMPLAINTS

The complexity, high cost and uncertainty of LECs achieving the technical reconfigurations BPP would require threatens to encumber GOAA's ability to maximize and maintain high levels of service quality and availability from the airport pay telephones. BPP would thus place a significant part of GOAA's continuing telecommunications responsibilities in serious jeopardy.

Parties supporting BPP have conceded, and the Commission recognizes, that BPP poses significant technical problems not capable of either quick or economical resolution.[5] For all 0+ calls, BPP could add up to four seconds of access time, absent deployment by all LECs of SS7 and Automated Alternate Billing Services ("AABS").[6] The ability of all LECs to deploy these technical facilities to reduce access times is unclear. Absent

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[5] See NPRM at ¶ ¶ 26-27.

[6] Id. at ¶ 27.

the availability of SS7 and AABS technical solutions, BPP would also appear to require the use of two operators for third number, collect and international calls, forcing callers to recite billing and other information twice.[7] Accordingly, use of two operators would create still further delays on certain calls, over and above access time increases. Such service degradation would be particularly detrimental to the interests of airport call aggregators of maintaining high service quality, since travellers frequently need to make these types of number calls from airport pay telephones. In short, the additional access time required by BPP, coupled with multiple operator time would result in fewer calls being placed within the same time span than is currently the case. Simply to maintain existing payphone availability, the airport operator would have to allocate additional space for more pay telephones.

Such service degradation would undoubtedly frustrate the travelling public. Particularly for the vast majority of business travellers needing to squeeze in important phone calls between flights, it is critical that airport operators deploy a sufficient number of pay telephones in gate and ticket counter areas that ensure users quick and easy access to telecommunications services, and minimize passenger queuing and floor space congestion in these essential common areas. To the extent that

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[7] Id. at ¶ 26. This also could potentially open up caller account information to increased risks of fraud since it would be repeated to two operators, when only one -- the IXC's operator -- should be required.

BPP would degrade the existing quality of service from such airport pay telephones, it is unacceptable. It would undermine the airport operator's well-planned installation of pay telephones in these locations to maximize convenience, thwarting the airport operator's ability to follow through on delivering to travellers that convenience when they may have only a matter of minutes to make a critical phone call, and then catch a connecting flight.[8/]

Moreover, BPP would appear to complicate certain billing issues for important segments of the travelling public. For example, it is unclear how BPP could accommodate the calls billed to telephone numbers in foreign countries and to foreign-issued calling cards. Clearly, international credit cardholders will not have a designated U.S.-based IXC for 0+ calls. If BPP is mandated, the call setup time for such calls is therefore likely to increase dramatically over current levels. These issues are extremely important to airport operators serving international travellers. Moreover, although several BPP supporters claim that BPP can accommodate commercial credit cards, the details missing from their contentions leave this issue to pure speculation.

[8/] In this regard, there is no merit to the claim that increased access times under BPP are mitigated by the fact that the LEC would be giving the caller instructions during the call set up and thereby reducing the chance of call abandonment. The additional access time increases are no less of an inconvenience even if the LEC is providing intermittent instructions. NPRM at ¶ 27.

Finally, GOAA is concerned that potential technical problems posed by implementing BPP could extend well beyond merely degrading the quality of pay telephone service at airports and other aggregator locations. GOAA is concerned that the forced, centralized routing of all 0+ calls through the LEC switch will reduce network flexibility and even increase the risk of network reliability failures. Past telecommunications network failures involving SS7 facilities -- which paralyzed operations and safety controls at transportation centers, including major airports -- are still fresh in the minds of airport operators. The impact of BPP on network reliability should therefore not be ignored.

Even if all LECs could physically deploy the technical facilities required to ensure that BPP would not degrade service quality, such degradation would be avoided only at an exorbitant cost. To date, the cost estimates of BPP are extremely high relative to the public interest advantages BPP purports to provide, and the fact that, in any event, BPP cannot be provided for at least several years following a Commission decision adopting it. The slight advantage BPP appears to give users is eliminating the need for access code dialing by the user if the pay telephone is not presubscribed to the user's IXC of choice for 0+ calls. This minimal dialing simplification must be weighed against the hundreds of millions of investment dollars BPP would entail, not to mention the price tag for ongoing LEC provision of BPP under tariff to IXCs. Bell Atlantic, a strong supporter of BPP, has estimated that investment costs alone for pay telephone BPP will top $150 million for just the Bell Operating Companies ("BOCs") and GTE.[9] The costs for all LECs can be assumed to be much greater, given that there are over a thousand other LECs, some of which lack equal access to date. And, LEC costs would be higher still if the Commission mandated BPP for all other 0+ interLATA calls in addition to pay telephone calls.

Ultimately, the costs of BPP will be passed on directly to consumers. Accordingly, GOAA expects that the rates paid by users of its airport pay phones would substantially increase. At the same time, such users would receive no material benefit from BPP. Users who prefer to use the services of the non-presubscribed IXC may now do so by dialing simple access codes. While the Commission has expressed concern about delays associated with the need to dial access codes, it is critical to note that BPP would also cause delay, absent huge expenditures on technical solutions.[10] Moreover, the time lag projected for BPP implementation reinforces opportunities for all consumers to become fully accustomed to access code dialing in the few situations where it is required for them to reach their chosen IXC.

If the Commission mandates BPP, GOAA believes that it will be faced with numerous consumer complaints involving technical

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[9] See Bell Atlantic Motion for Commission Decision, RM-6723 (filed Nov. 26, 1990) at 4.

[10] See NPRM at n.35, n.36.

problems, high rates, or both. Unfortunately, in a BPP environment, GOAA will be powerless to do anything to resolve these issues. By contrast, under presubscription, GOAA has the option of addressing these issues with the presubscribed IXC, knowing that the competitive incentives of the presubscription market will prompt the carrier to resolve the issues or face substitution by one of its competitors. BPP would force call aggregators such as airport operators to relinquish this important aspect of maintaining service quality. Consumers will be unlikely to understand, moreover, why the call aggregator cannot affirmatively address and help to resolve their complaints.

III. BPP WOULD DESTROY ESTABLISHED ECONOMIC RELATIONSHIPS IN THE OPERATOR SERVICES AND PAY TELEPHONE SERVICE AND EQUIPMENT MARKETS WHICH BENEFIT THE CALLING PUBLIC

While purportedly seeking to maximize consumer interests, BPP would in fact severely impair them at airport aggregator locations. The core problem is that BPP would disrupt established economic relationships and incentives between IXCs providing 0+ services, pay telephone equipment vendors, and aggregators such as GOAA. These arrangements have served to maximize the number of pay telephones available for the convenience of the calling public, and work successfully precisely because market forces dictate the level of services and facilities available. But under BPP, IXCs would have no reason to compensate premises owners for the right to carry 0+ interLATA traffic from pay telephones installed on their property. Absent such compensation, the premises owner has no financial incentive to make more than the bare minimum of pay telephones available on the property for the convenience of the calling public.

In an airport setting, this result is particularly detrimental to the public interest. An airport manager's financial mission consists of a unique combination of public and private responsibilities. These duties involve the difficult task of maximizing the facilities and services offered to the travelling public, and, at the same time, ensuring that sufficient revenue levels are derived from airport tenant fees and other private sources to make the airport as self-sustaining as possible.[11/] Every decision to provide a particular service at an airport must be based on a sound a financial plan. It is axiomatic that if a service produces revenues insufficient to compensate the airport for making it available, then the airport will have to minimize the availability of that service.

In the case of pay telephone service under BPP, the airport's loss of compensation for this service would dictate the installation of only a minimum number of pay telephones at the airport to conserve space and resources for other revenue

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[11/] See Comments of Airport Operators Council International (now merged into the Airports Association Council International-NA), CC Docket No. 91-35, (filed Apr. 12, 1991) at 3, citing Airport Development Assurance No. 28, Appendix D to 14 C.F.R. Part 152. (To receive federal grant money, the airport must maintain a "fee and rental structure for facilities and services being provided to the airport users which will make the airport as self-sustaining as possible.")

producing services. If the airport did otherwise, it would effectively have to raise rates across all services in order to subsidize making pay telephones widely available, contrary to consumer interests and to its mandate to deploy economically sustainable services. Clearly, the current economical relationships supported by 0+ presubscription, which maximize availability of pay telephones to users <u>and</u> fairly compensate the airport, are preferable to those BPP would encourage. If the Commission nonetheless mandates BPP, it will be necessary for the agency to consider ways to compensate premises owners (such as airport owners) for making pay telephones available so that user convenience is not compromised by BPP's removal of the economic incentives of 0+ presubscription.

The Commission should also consider that BPP, if adopted, would destroy the beneficial relationships presubscription has fostered in the operator services, and pay telephone service and equipment markets. Carriers without the ability to originate 0+ traffic nationwide would be at a significant competitive disadvantage, even if permitted to designate a secondary IXC for non-origination areas. Such IXCs would have trouble addressing the consumer's natural expectation that all IXCs provide nationwide services, and, as a result, would likely lose significant amounts of subscriber business to the three IXCs (AT&T, MCI and Sprint) which do have nationwide origination capabilities.

The competitive interests of private pay telephone service and equipment providers would also be compromised under BPP. Private pay telephone vendors have prompted former monopoly LEC providers to improve their services to retain customer business. Indeed, many private pay telephone providers have taken the added risks of being the first to introduce "smart" phone equipment that incorporates intelligent, enhanced services in the phone instrument itself, rather than relying on the network for such functions. Some IXCs and LECs have reacted by upgrading their telephones with more enhanced equipment and services. BPP would stunt this technological innovation, and shift routing services affirmatively into the LEC network switch. This technological shift, in turn, would limit the ability of call aggregators such as GOAA to choose from these competitive and advanced CPE and service options when making telecommunications investment decisions. Ultimately, BPP would return the pay telephone market closer to its former LEC monopoly state, contrary to the Commission's intent to allow the public interest to be served through competitive market forces.[12/]

[12/] Significantly, while in CC Docket No. 91-35 the FCC has ordered compensation for competitive pay phone providers for access code calls, the compensation level may be insufficient to stimulate new innovation, and the mechanism adopted by the Commission has raised complex issues now subject to litigation. Additional compensation schemes for competitive payphone providers under BPP could be extremely difficult and time consuming to implement, and are therefore unlikely to preserve the incentives needed to keep pay telephone competition at a robust level.

CONCLUSION

BPP raises a host of potential technical problems and high cost issues which are not amenable to quick-fix solutions. The system's few apparent advantages do not justify its many burdens. BPP would create substantial anti-competitive problems in the operator services, and pay telephone service and equipment markets. Moreover, ubiquitous, timely implementation by all LECs is uncertain. BPP would also severely disrupt established economic relationships fostered by 0+ pay telephone presubscription which benefit the calling public by maximizing the number of pay telephones available at airports and other locations where consumers need ready access to their services. For all of these reasons, GOAA respectfully submits that the Commission should decline to adopt BPP.

Respectfully submitted,

Jean L. Kiddoo
Jean L. Kiddoo
Ann P. Morton

SWIDLER & BERLIN, CHTD.
3000 K Street, N.W.
Suite 300
Washington, D.C. 20007
(202) 944-4834

Counsel for the
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Hugh J. Macbeth
Manager,
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Authority
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Orlando, FL 32827-4399
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